

MORRISON CREEK METROPOLITAN WATER & SANITATION DISTRICT

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RECORD OF PROCEEDINGS

The Board of Directors of the Morrison Creek Metropolitan Water & Sanitation District met on February 16th, 2023 at the Offices of Sharp, Steinke, Sherman & Engle located at 401 Lincoln Avenue in Steamboat Springs, Colorado for their regularly scheduled meeting. Also, available online at <https://global.gotomeeting.com/join/858019309> ; Join by phone [+1 \(571\) 317-3112](tel:+15713173112) , Access Code 858-019-309

Present: Anthony Borean, President
Mike Ratliff, Vice-president
Leah Wolf Martin, Treasurer
Barbara Fox, Director
Jim Kinser, Director

Also, Present: Geovanny Romero, District Manager
Tom Sharp, Legal Counsel
Adam Summers P.E., Aquaworks Engineer
Ben Beal P.E., Aquaworks Engineer
Rick Barret P.E., Integrated Water Systems CEO.
Alex Buehler, Integrated Water Systems officer
Robert Woodmansee, district resident

Director Borean called the meeting to order at 5:10 P.M.

Public Comment

- Mr. Robert Woodmansee stated that he wanted to address the board of directors of the MCMWSD after hearing of proposed large developments in the Stagecoach area. He said that he is active with the Upper Yampa Water Conservancy District and the Upper Yampa Watershed group. He is concerned with the impact of such a large development on Stagecoach Reservoir that is already overloaded with nutrients leading to water quality issues. Mr. Woodmansee provided an information pamphlet to the members of the board containing data which could be helpful for the directors to consider such a development proposal.

Meeting minutes

-Director Kinser made a motion to adopt January's meeting minutes as discussed during the meeting. Director Wolf Martin 2nd. Pass

Financial Report

- Director Wolf Martin made a motion to approve check numbers 1020 through 1022 of the construction account and Checks 16660 through 16685 of the regular checking account and inclusive of the multiple EFT and ACH payments for a total of \$632,911.91. Director Kinser 2nd. Pass.

Attorney's Report

-Mr. Sharp stated that he had spent time with the district manager going over the district water rights portfolio. He stated that he is still in possession of most of the original documents and some of the most current water right information, which he will be transferring to the district manager over the next few months.

-Mr. Sharp mentioned that the district manager was interested on the total accounting of water the district could utilize on an annual basis as new developments are proposed.

Old Business

- Wastewater Plant updates: Two representatives from Integrated Water Systems (IWS) addressed the board of directors about the status of the construction project. Mr. Barret stated that IWS and the district share the goal to have a quality wastewater treatment plant once the project is complete. He identified some deficiencies on the part of IWS and the district which have delayed the project (approx. 120 days). Mr. Barret attributed approximately 40 of the 120 days to permitting issues and weather while IWS is taking responsibility for the other 80 days of delays.

Chairman Borean stated that during the fall of 2022 the district had issued a letter to IWS due to the lack of staffing, onsite leadership, and the inability to produce results. He mentioned that the daily reports demonstrate limited work performed during the months of July, August and September when the weather was ideal. Director Borean stated that having to fight the snow and cold temperatures were a direct result of the fall's lack of work. He also mentioned that the district should not be held financially liable for IWS's lack of initial commitment to the project.

Mr. Beal stated that he has been the resident project engineer representing the district via Aquaworks since July 2022. Mr. Beal said that IWS leadership has been absent on the project since July. More than four superintendents have been assigned to the project with each one of them resigning within weeks of starting and currently "the position is still vacant" he stated. Mr. Beal explained with his documentation that the claims raised by IWS were unfounded and the daily reports demonstrate that IWS winter problems were due to the lack of work in the fall.

The district manager stated that during negotiations with IWS, a proposed pause (winter-stop) to the project had been discussed. He said that a draft with the conditions for the winter-stop had been sent to IWS for their consideration. Once acknowledged by IWS, the district had received a revised draft back from IWS legal counsel changing the conditions and putting most of the liability onto the district. The district sent a second draft to IWS with the originally proposed conditions that IWS denied.

After lengthy discussion between directors and the IWS leadership, the district manager asked the board to allow the district and IWS to go on a temporary work suspension. This will allow IWS to regroup and come back with a redefined plan to accomplish results upon remobilization to the site. The winter-stop details are found under Changer Order #3 which includes a contract extension of 98 days. The time frame allowed accounts for 20 negotiated days from IWS's 40-day claim, 21 negotiated weather days and 57 winter-stop days.

Director Fox made a motion to allow the district sign change order #3 with all the winter-stop details. Director Kinser 2nd. Pass

The district manager requested that the board approve payment to IWS for their eighth pay application for the amount of \$558,015.75, Aquaworks Invoice 2634 for the amount of \$22,429.64 and Aquaworks Invoice 2637 for the amount of \$10,155.00. Director Wolf Martin made a motion to authorize the district manager to sign the payment to IWS. Director Kinser 2nd. Pass.

- Water Tank Feasibility Study: The district manager informed the board that he had secured a grant from DOLA that will cover 50% of the feasibility study for a new water storage tank to serve the lower area of the district. The district manager said that Aquaworks will conduct the study as they are well trusted and have demonstrated to have the capabilities to perform the work.

- The district manager mentioned that another grant had been secured to conduct fire mitigation services around the district's infrastructure. The grant is distributed by the Colorado State Forest and will be administered by Lone Ranger Wildfire Mitigation service.

New Business

-Family and Medical Leave Insurance Program (FAMLI): The directors ratified the rejection of the district to adopt FAMLI offered by the state of Colorado. The district manager stated that interested employees are free to purchase the additional state insurance however, the district already provides a generous leave policy which includes sick, vacation and personal time.

- Unauthorized ADU: The district manager mentioned that it is apparent that some homes have secondary units and are not currently paying the appropriate fees for a home with an ADU. He told the board that during the last meter reading, one resident had been identified to have possible have more than one ADU and is currently paying for a single home rate. The district manager stated as the district continues to discover home with secondary units, once discovered, their rates will be adjusted.

-Stagecoach Mountain Resort (SMR): The district manager informed the board about a possible development in the Stagecoach area that has been presented to Routt County Planning. The project includes two large developments, one in the old ski area and another on the Stahl's property on the southwestern shore of Stagecoach Reservoir. The two developments would incorporate a private ski area and a private golf course as well as approximately 800 living units and several commercial units. The district manager mentioned that he is actively engaged on this proposal and is working along with Routt County Planning to ensure that all the needs of the district are met. The district manager stated that he is working on the response to the county for this project.

The district manager said that once the developer has a more detailed concept of the project, detailed conversations will continue to ensure that the district can serve the proposed development.

Manager's Report

-The district manager informed the board that an investments CD held at Yampa Valley Bank was due for renewal. He stated that the money had not yet been allocated and distributed into the district's enterprise funds or administration. The district manager stated that he would like to cash the CD and transfer the money into Colo Trust where it can be allocated into the different pools making accountability and reporting cleaner. The board tabled the discussion until the manager determine what amount would be distributed into each enterprise and administration.

-The district manager told the board that he had held meetings with the Eagle River Water and Sanitation District to learn from their employee housing programs. He described the programs that he had learned about and stated that the district should start thinking about setting up a similar program to address affordable housing for employee issues. It is apparent that, should the newly proposed development move forward, the district will need additional employees and that housing will be an issue in securing them.. The district manager stated that he has a meeting scheduled with Tri-State to discuss their land sales. He mentioned that it would be in the district's interest to inquire about their lots in the event the district needs to build employee housing. The board requested that the district manager inquire about the land and identify processes to secure employee housing in the event of district growth.

The meeting adjourned at 7:50pm.

Geovanny Romero

Geovanny Romero, Secretary